

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE TO QUESTION RAISED AT
HEARINGS ON AUGUST 3, 2000

The United States Postal Service hereby provides its response to a question raised at the hearings on August 3, 2000 (witness Patelunas) at Tr. 35/16807-08.

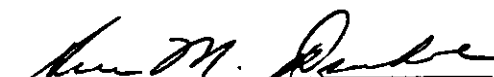
The question is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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August 16, 2000

**Response of United States Postal Services
to Questions Raised at Hearings**

QUESTION Tr.35/16807-808. "Now, in the updated version, the unit cost increases 18 percent between 1999 and 2000 and decreases 5 percent between 2000 and 20001, the opposite of what originally occurred, if you will . . . is there any way that you can look into that and get back with me in writing as to actually if anybody knows of any – why it occurred, if you will?"

Response:

The increase in the PMPC contract costs from the amounts reflected in the original filing related mainly to recalculations of the cost per piece. The reason for the estimated decline in costs in FY 01 versus FY 00 relates mainly to expected operating efficiency improvements.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in dark ink, appearing to read "Susan M. Duchek", is written over a horizontal line.

Susan M. Duchek

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